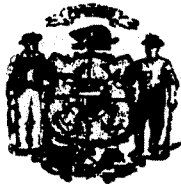


XIX. Office of the State Public Defender -- Nicholas L. Chiarkas, State Public Defender

The State Public Defender requests approval to transfer \$64,900 GPR from the Legal Assistance Program administration annual appropriation under s. 20.550(1)(a); \$40,600 GPR from its Appellate representation annual appropriation under s. 20.550(1)(b); and \$755,000 GPR from its Trial representation annual appropriation under s. 20.550(1)(c) for a total of \$860,500 in GPR savings, to the Private bar and investigator reimbursement biennial appropriation under s. 20.550(1)(d) in fiscal year 1995-96 in order to offset a projected deficit in this appropriation.

Governor's Recommendation

Approve the request to transfer \$64,900 GPR from the Legal Assistance Program administration annual appropriation under s. 20.550(1)(a); \$40,600 GPR from the Appellate representation annual appropriation under s. 20.550(1)(b); and \$755,000 GPR from the Trial representation annual appropriation under s. 20.550(1)(c) for a total GPR savings of \$860,500 to the Private bar and investigator reimbursement biennial appropriation under s. 20.550(1)(d) in fiscal year 1995-96 in order to offset a projected deficit in this appropriation. DOA recommends placing the \$860,500 in GPR savings into unallotted reserve pending an actual need for additional funds in the private bar and appropriation in FY97.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Appropriations Schedules and Summaries Under Chapter 20 of the Statutes--Agenda Item XX

BACKGROUND

Section 20.004 of the statutes requires the Department of Administration, upon final adjournment of the Legislature, to submit the appropriations schedules and corresponding summaries of Chapter 20 of the statutes to the Joint Committee on Finance for its approval.

Chapter 20 of the statutes contains a listing of all appropriations, by fund source, for each state agency. At the conclusion of each legislative session, DOA is required to amend the appropriations schedules and summaries to incorporate all law changes enacted in the session. Once the schedules and summaries are approved by the Joint Committee on Finance, they are forwarded to the Revisor of Statutes who is required to have them printed in the ensuing issue of the statutes.

Over past biennia, the DOA and Legislative Fiscal Bureau have worked together on preparing the schedules and summaries for the Committee's approval. The schedules and summaries are usually submitted to the Committee for its review at the June, s. 13.10 meeting.

As of this date, the two offices have been unable to prepare the final report because a number of bills have not yet been acted on by the Governor. To date, 439 bills have been enacted into law and 32 bills have been enrolled and await gubernatorial review. The remaining 32 bills will be acted on by the Governor by June 27. Once that is completed, DOA and this office can complete the report and submit it to the Committee.

At the June, 1994, s. 13.10 meeting, the report was not finalized for the same reason that it is not completed at this time. At that meeting, the Committee voted unanimously to submit the schedules and summaries to the Revisor of Statutes as prepared by DOA and the LFB and approved by the Committee's Co-chairs. This action ensured that the report could be forwarded to the Revisor in a timely fashion without waiting for the next meeting of the full Committee in September.

Although the final schedules are not completed, the following table provides an estimate of the 1995-97 general fund condition statement. The statement is based on the following: (1) the January 18, 1996, report of this office which projected revenues and expenditures for the remainder of the current biennium; (2) legislation enacted to date (through Act 439); (3) all enrolled bills which await action by the Governor; and (4) the statutory commitment to fund K-12 partial revenues at 66.7%.

**1995-97 General Fund Condition Statement
Thru Acts 439 and Enrolled Bills
June 18, 1996
(In Millions)**

	1995-96	1996-97
Revenues		
Opening Balance, July 1	\$409	\$567
Estimated Taxes	8,231	8,664
Less Federal Retirees Refunds	-26	-13
Departmental Revenues	<u>175</u>	<u>228</u>
Total Available	\$8,789	\$9,446
Appropriations, Transfers and Reserves		
Gross Appropriations	\$8,279	\$9,185
Compensation Reserves	18	46
Sum Sufficient Reestimates	-37	-33
Transfers:		
Local Govt Property Insurance Fund	3	2
Property Tax Relief Fund	0	258
Less Lapses	<u>-41</u>	<u>-113</u>
Net Appropriations	\$8,222	\$9,345
Balances		
Gross Balance	\$567	\$101
Less Required Statutory Balance	<u>-83</u>	<u>-92</u>
Net Balance, June 30	\$484	\$9

CONCLUSION

Given the timing of the enactment of all adopted legislation, the Committee may wish to approve the Chapter 20 schedules and corresponding summaries, as prepared by the Department of Administration and the Legislative Fiscal Bureau, subject to final approval by the Co-chairs of the Joint Committee on Finance.

MO# Conclusion

BURKE	<input checked="" type="radio"/>	N	A
ANDREA	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
WEEDEN	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
BRANCEL	<input checked="" type="radio"/>	N	A
FOTI	<input checked="" type="radio"/>	N	A
SCHNEIDERS	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 15 NO 0 ABS 0



TOMMY G. THOMPSON
GOVERNOR
AMES R. KLAUSER
SECRETARY

June 6, 1996

The Honorable Timothy Weeden, Co-Chair
The Honorable Ben Brancel, Co-Chair
Members of the Joint Committee on Finance
113 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Weeden, Representative Brancel, and Members:

In accordance with sec. 16.531(1), Stats., we are submitting a report for the next quarter on the use of the authorities conferred in sections 16.53(10)(a), sec. 20.002(11)(a), Stats., and Subch. III of Chapter 18, Stats., related to cash flow management and the issuance of operating notes.

The cash position projections of the General Fund are \$51.5 million lower than reported to you in the April 30, 1996 report. This is due to lower than expected General Fund receipts and higher than expected General Fund expenditures.

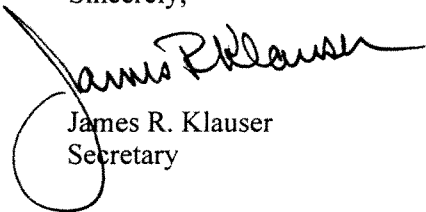
The forecasts below are based on 1996 Assembly Bill 150. They also include the receipt of \$225 million from the issuance of the fiscal year 1997 Operating Notes.

General Fund Cash Forecast
July - September, 1996
(\$ in millions)

Month	Beginning Balance	Receipts	Disbursements
July	\$ 593.9	\$1,423.6	\$1,461.3
August	556.2	1,137.0	806.5
September	886.7	1,379.5	1,169.3
October	1,096.9		

The General Fund will experience low balances during the period June 17th - June 23th. During this period it may become necessary to exercise the authority granted under sec. 20.002(11)(a), Stats., pertaining to the temporary reallocation of certain eligible surplus moneys. However, at no time during the next fiscal quarter will it be necessary to exercise the authority granted under sec. 16.53(10)(a) Stats., pertaining to the delay of payments.

Sincerely,


James R. Klauser
Secretary

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
JAMES R. KLAUSER
SECRETARY



XX
Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

June 11, 1996

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
100 North Hamilton, Room 302
Madison, WI 53702

The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
119 Martin Luther King, Jr. Blvd.
Suite LL21
Madison, WI 53707-8952

Dear Senator Burke and Representative Brancel:

Section 20.004(2), Wisconsin Statutes, requires that the Department of Administration submit the Chapter 20 schedule and summaries under s. 20.005 to your committee for approval. When approved, the schedule and summaries are then transmitted to the Revisor of Statutes for printing in the 1995-96 Wisconsin Statutes.

There are still some legislative bills pending which may affect appropriations and need to be incorporated into the Chapter 20 schedule and fund condition statements. Therefore, it is not possible for the Department of Administration to submit all the materials to you for your June meeting.

Because we do not want to delay the printing of the Wisconsin Statutes any later than necessary, waiting until the September meeting of your full committee is not a suitable alternative. I would like to request your approval at this month's meeting of the following proposal based on similar action in 1994:


Approve the submittal to the Revisor of Statutes under s. 20.004(2) of the statutes -- subject to final review and approval by the Co-Chairs of the Joint Committee on Finance -- of updated final summaries and schedules under ss. 20.005(1), (2)(a) and (b) and (3) to be prepared by the Department of Administration and the Legislative Fiscal Bureau. Provide that these updated summaries include (1) the fiscal effect of all legislation enacted by the 1995 Legislature; and (2) any other actions of this Committee to date which affect the appropriation summaries or schedules.

The Honorable Brian Burke, Co-Chair
The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
June 11, 1996
Page 2

When all pending legislation has been acted upon by the Governor and Legislature, we would then submit the Chapter 20 schedule and summaries under s. 20.005 to you for your final approval before submission to the Revisor for publication in the new Statutes.

Staff from the State Budget Office will be present at your meeting on June 27 and July 10 to answer any questions you may have on this proposal.

Sincerely,



James R. Klauser
Secretary

XX. Department of Administration -- Dan Caucutt, Division of Executive Budget and Finance

The department requests approval pursuant to s. 20.004(2) of the Statutes -- subject to final review and approval of the Co-Chairs -- of updated summaries and schedules under s. 20.005(1), (2)(a) and (b), and (3) to be prepared by the Department of Administration and the Legislative Fiscal Bureau, and to include the fiscal effect of all legislation enacted by the 1995 Legislature and any other actions, to date, of the Joint Committee on Finance which affect the appropriation summaries or schedules.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (

MO# Conclusion

BURKE	(Y)	N	A
ANDREA	(Y)	N	A
GEORGE	Y	N	(A)
DECKER	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
WEEDEN	(Y)	N	(A)
COWLES	(Y)	N	A

BRANCEL	(Y)	N	A
FOTI	(Y)	N	A
SCHNEIDERS	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
PORTER	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

June 27, 1996

TO: Members
Joint Committee on Finance

AYE 14 NO 0 ABS 2

FROM: Bob Lang, Director

SUBJECT: Administration--Operating Note Issuance Request--Section 16.405(2) Request--
Agenda Item XXI

BACKGROUND

The general fund receives revenues and makes expenditures for programs funded with general purpose revenue, federal revenue and program revenue. The general fund experiences repeated cashflow problems, which result from a continuing imbalance of general fund revenues and expenditures. This imbalance is due to the timing of general fund collections and payments of large aid amounts in the first half of each fiscal year.

The Department of Administration may request the issuance of operating notes if a cashflow deficiency in the general fund is anticipated. This request must be signed by the Governor and is subject to approval by the Joint Committee on Finance. If the request is approved, the Building Commission issues the requested operating notes. The following table provides the amount of annual operating note issuances since 1983.

Operating Note Issuance History (Millions)

<u>Fiscal Year</u>	<u>Amounts</u>	<u>Fiscal Year</u>	<u>Amounts</u>
1983-84	\$700	1989-90	\$300
1984-85	350	1990-91	200
1985-86	350	1991-92	450
1986-87	350	1992-93	450
1987-88	350	1993-94	350
1988-89	350	1994-95	350
		1995-96	250

The Department of Administration has determined that a deficiency will occur in the general fund which will not permit the state to meet its operating obligations in a timely manner in fiscal year 1996-97. As a result, the Department requests that the Committee approve its request for the issuance of operating notes.

ANALYSIS

The request would involve the issuance of up to \$250 million of operating notes by the Building Commission. It is intended that the proceeds from the issuance of operating notes be deposited in the general fund early in July, 1996, while the notes would mature in June, 1997. The state would make a number of sinking fund deposits to a trustee from February through May, 1997.

Staff from DOA indicate that it appears likely that \$200 million in notes would be issued. However, the final decision on the amount of issuance will depend on the most recent cashflow projections available at the time of issuance. As a result, the Department has requested approval of up to \$250 million, so that the issuance amount could be adjusted as appropriate.

Two factors warrant consideration in deciding on the amount of operating notes to issue. First, federal arbitrage regulations require that the actual cash deficit equal at least 90% of the issuance amount, or the state must rebate interest earnings above the rate paid on the note. Second, the operating notes should provide sufficient cash to largely avoid temporary reallocations of available state investment fund balances during the fiscal year.

The requested issuance of up to \$250 million should provide sufficient cash to support the general fund's cashflow during 1996-97 without significant interfund borrowing. It is estimated that the worst day balance will be approximately -\$415 million in December if certain interest earning program revenue accounts within the general fund are deducted.

Estimated interest savings from the issuance of operating notes have been incorporated in the general fund condition statement since 1995 Wisconsin Act 27 (the 1995-97 budget). Based on estimates of interest rates and assuming a \$200 million issuance amount, the general fund would save an estimated \$2.5 million under the request, compared with not issuing an operating note.

CONCLUSION

Because the request for the issuance of up to \$250 million of operating notes is intended to resolve the cashflow problems of the general fund in 1996-97 and would reduce the level of interfund borrowing as well as interest costs for the general fund, the Committee may wish to approve the Department's operating note issuance request.

Prepared by: Pamela Walgren



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 7, 1996

TO: Senator Gary George
Room 11 East, State Capitol

FROM: Bob Lang, Director

SUBJECT: 1995-97 Estimated General Fund Condition Statement

At your request, I have prepared the attached table which reflects the estimated condition of the state's general fund for the 1995-97 biennium.

The statement is based on the following: (1) the January 18, 1996, report of this office which projected revenues and expenditures for the remainder of the current biennium; (2) legislation enacted to date (through 1995 Act 428); (3) all enrolled bills which await action by the Governor; and (4) an estimate of the statutory commitment to fund K-12 partial revenues at 66.7%.

Given these factors, it is estimated that the state will end the 1995-97 biennium with a gross balance of \$109 million. In addition, 1995 Act 213 created a property tax relief fund which will have an estimated balance of \$251 million on June 30, 1997, which is "reserved to provide property tax relief during the 1997-99 fiscal biennium." Thus, the total amount to be carried into the next biennium is \$360 million (\$109 million closing balance plus the \$251 million property tax relief fund). The \$251 million in the property tax relief fund is comprised of the sum of \$181 million in Acts 213 and Enrolled SB 563 (Corrections) and Enrolled AB 1048 (telephone tax) and the estimated \$70 million which is identified in the January 18, 1996, memorandum which will be acted upon by the Joint Committee on Finance in June, 1996.

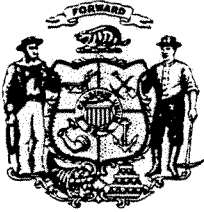
Over the course of the next few weeks, the condition statement may change somewhat due to the following: (1) partial vetoes of enrolled bills; (2) an estimate by the Joint Committee on Finance on what is necessary to fund K-12 partial revenues at 66.7%; and (3) the determinations by the Finance Committee on the \$70 million figure from H&SS which is identified in the January 18, 1996, memorandum.

BL/lah
Attachment

1995-97 General Fund Condition Statement

Thru Acts 428 and Enrolled Bills (In Millions)

	1995-96	1996-97
Revenues		
Opening Balance, July 1	\$409	\$567
Estimated Taxes	8,231	8,664
Less Federal Retirees Refunds	-26	-13
Departmental Revenues	<u>175</u>	<u>220</u>
Total Available	\$8,789	\$9,439
Appropriations, Transfers and Reserves		
Gross Appropriations	\$8,242	\$9,142
Compensation Reserves	18	46
Transfers to:		
Local Govt. Property Insurance Fund	3	2
Property Tax Relief Fund	0	251
Less Lapses	<u>-41</u>	<u>-112</u>
Net Appropriations	\$8,222	\$9,329
Balances		
Gross Balance	\$567	\$109
Less Required Statutory Balance	<u>-83</u>	<u>-92</u>
Net Balance, June 30	\$484	\$17



TOMMY G. THOMPSON

**Governor
State of Wisconsin**

May 13, 1996

The Honorable Senator Timothy Weeden
The Honorable Representative Ben Brancel
Members, Joint Committee on Finance
State Capitol
Madison, WI 53702

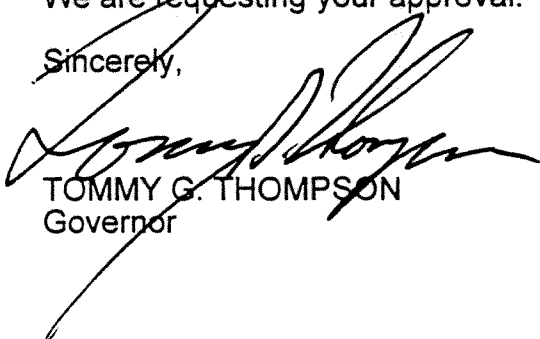
Re: 1996 Operating Note Issue

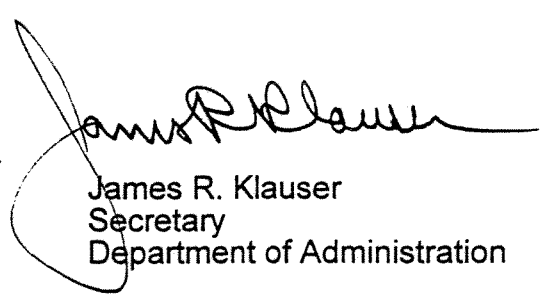
Dear Senator Weeden, Representative Brancel and Members:

The State of Wisconsin customarily issues operating notes in each fiscal year because of differences in the timing of receipts and disbursements. The Department of Administration has again determined that a deficiency will occur in the funds of the State which will not permit the State to meet its operating obligations in a timely manner during fiscal year 1996-97. Accordingly we intend to formally request the Building Commission to issue an amount not to exceed \$250,000,000 of operating notes for fiscal year 1996-97 pursuant to 16.405 (1) and 18.72 (1) Wisconsin Statutes.

As required by 16.405 (2) Wisconsin Statutes, the Joint Committee on Finance must approve the request before it can be presented to the Building Commission. We are requesting your approval.

Sincerely,


TOMMY G. THOMPSON
Governor


James R. Klauser
Secretary
Department of Administration

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: May 7, 1996
To: Members, Joint Committee on Finance
From: James R. Klauser, Secretary
Department of Administration
Subject: S.16.405(2) Request for Operating Note Approval

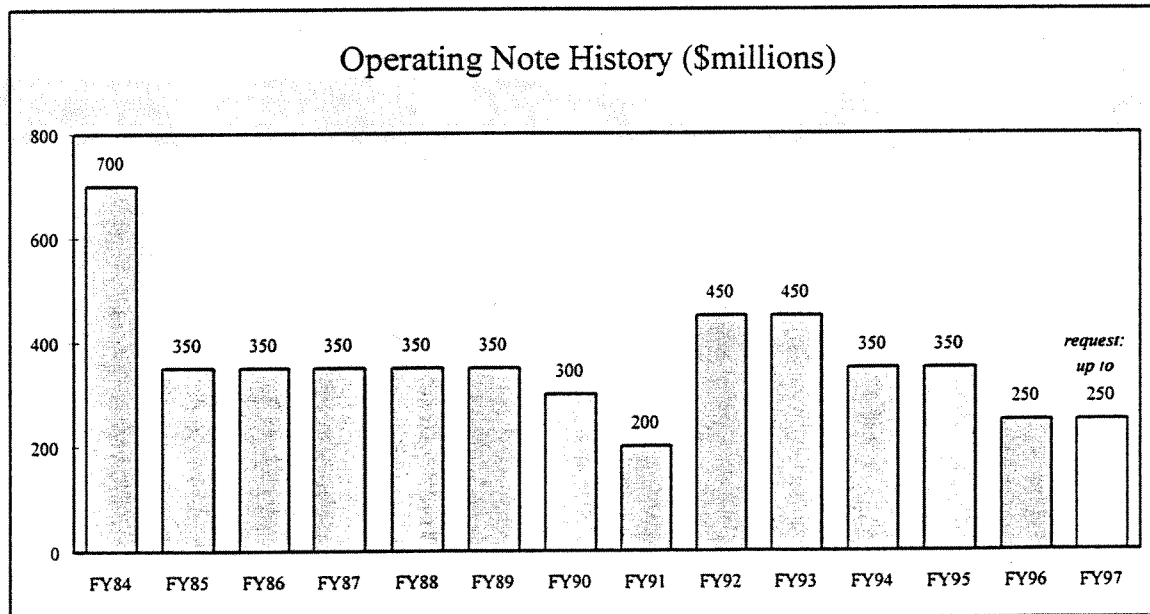
Request

The Department of Administration (DOA) requests Joint Committee on Finance approval under s.16.405(2) to request the Building Commission to authorize a 1996 operating note of up to \$250 million.

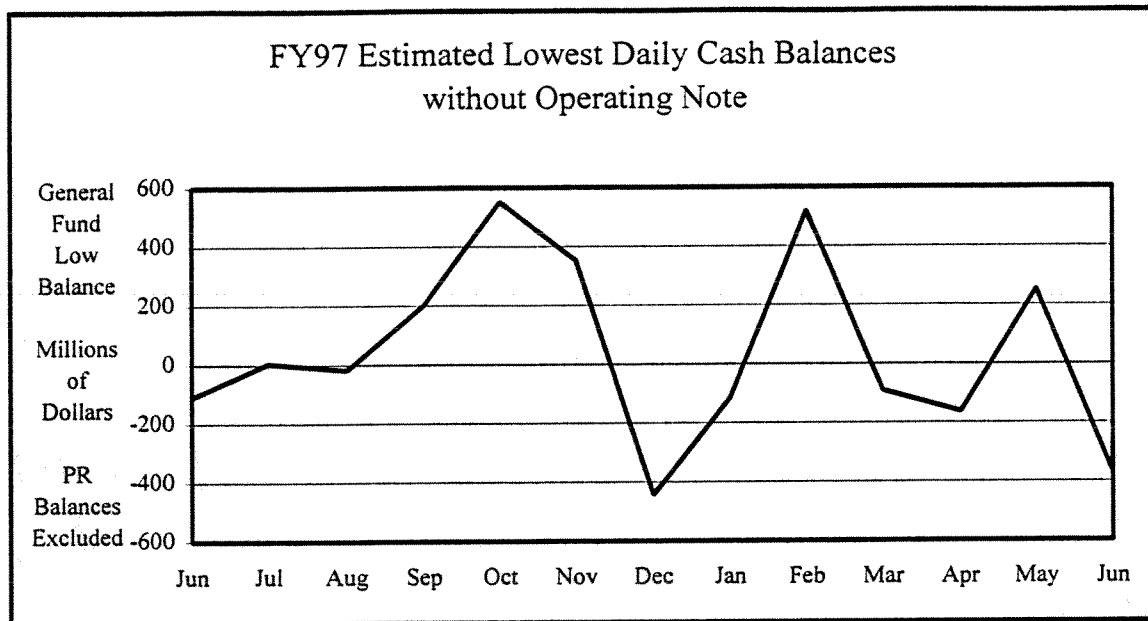
Background

The general fund has periodically engaged in some form of borrowing for operating expenses since FY81. From FY81 through FY83, the short-term borrowing took the form of interfund borrowing or payment delays. In FY83, the general fund paid \$16.6 million in interest for interfund borrowing to continue daily operations.

Operating notes have been issued annually since FY84 to accommodate the magnitude of the general fund's short term cash needs and to minimize the costs of short-term borrowing. Variability in the general fund's cash balances have required annual evaluation of borrowing needs. As shown below, previous operating notes have ranged from \$200 million to \$700 million.



Short-term borrowing will again be necessary in FY97 to cover a temporary cash imbalance. The general fund's cash balance includes the University's Auxiliary funds and other program revenue accounts held in trust from estates or court decisions (for example, oil overcharges and environmental protection suits). While held in the general fund, any use of these dollars aside from their designated purpose constitutes borrowing. These PR balances vary from \$200 to \$300 million. Excluding the balances of the PR accounts, current estimates place the general fund's lowest cash balance at -\$443 million in early December 1996.



Analysis

As in previous years, the department has sized the operating note request below the maximum cash shortfall. This is necessitated by federal arbitrage requirements. An actual cash shortfall must use at least 90% of the proceeds of the note. If this test is not met, the state must rebate the excess earnings on the note to the U.S. Treasury. This authorization request has been sized with a margin of error to prevent an earnings rebate even if economic growth is stronger than expected.

Under s.18.725, operating notes are limited to no more than 10% of total GPR and PR general fund appropriations combined. With the \$250 million maximum note under this request, the 1996 operating note would be about 17% of the statutory cap.

Operating notes remain the most cost-effective means of acquiring short-term funds. The efficiency is realized through both lower interest rates and increased interest earnings. Because the state is a tax-exempt borrower, it can borrow in the national capital markets at a rate lower than it would pay on dollars obtained through interfund borrowing. The higher overall cash balances obtained by operating note proceeds allow the general fund to gain increased interest earnings.

The final size of the note will be determined by DOA in June. Based on the actual and estimated cashflows to date, DOA anticipates that the 1996 note will be sized at \$200 million. While the note may be larger or smaller than \$200 million depending on the final cashflow forecast at the time of sale, the note may not exceed the requested \$250 million maximum.

As in previous years, the FY97 budget has been structured on the assumption of issuing an operating note. Interest earned, net of the cost of operating notes, is about \$2.1 million higher with a \$200 million operating note as compared to not issuing any note at all.

Recommendation

Approve the request.

Prepared by: Paul Ziegler

XXI. Department of Administration (DOA) -- Frank Hoadley, Director, Capital Finance

The Department of Administration, with the approval of the Governor, requests approval under s. 16.405(2) of the issuance of Operating Notes during fiscal year 1997 in an amount not to exceed \$250 million, to meet anticipated intrayear cash flow deficiencies.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Departments of Administration and Public Instruction and Legislative Fiscal Bureau--
Amount Certified as Necessary to Appropriate in General Equalization Aid in
1996-97 to Meet 66.7% State Funding Requirement--Agenda Item XXII

The Departments of Public Instruction and Administration and the Legislative Fiscal Bureau jointly certify that, based on the best available information to date, \$3,182,215,800 GPR is the estimated amount necessary to appropriate as general equalization aid in 1996-97 to ensure that the sum of state school aids and the school levy tax credit equals 66.7% of partial school revenues. This amount is \$30,000,000 GPR greater than the funding level of \$3,152,215,800 GPR established in 1995 Act 27 (the 1995-97 state budget).

BACKGROUND

1995 Act 27 established a process for annually determining the amount necessary in the general equalization aid appropriation to meet a statutorily defined two-thirds funding level. Specifically, s. 121.15(3m) provides that by June 15, 1996 (and by each June 15 thereafter), the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general equalization aid appropriation which, in combination with the amounts provided in the other state aid and levy credit appropriations, would achieve the 66.7% funding level in the following school year. By June 30, 1996 (and by each June 30 thereafter), the Joint Committee on Finance must determine the amount to be appropriated in the following school year.

The attached letter from the three agencies dated June 14, 1996, certifies the amount necessary in the appropriation to meet the two-thirds funding requirement and discusses the basis for the estimated amount.

CONCLUSION

The statutes indicate that the state must meet the two-thirds funding commitment with the necessary amount certified by the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau. The three agencies have jointly determined that an additional \$30 million over the funding level established in 1995 Act 27 (the 1995-97 state budget) is necessary to meet the state's two-thirds funding commitment. The additional amount must be approved by the Joint Committee on Finance by June 30, 1996.

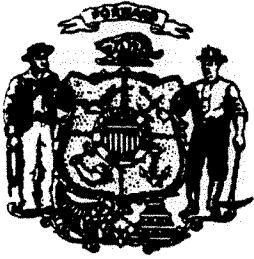
Prepared by: Charlie Toulmin

MO# conclusion

BURKE	(Y)	N	A
ANDREA	(Y)	N	A
GEORGE	Y	N	(A)
DECKER	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
WEEDEN	Y	N	(A)
COWLES	(Y)	N	A

2 BRANCEL	(Y)	N	A
FOTI	(Y)	N	A
SCHNEIDERS	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
PORTER	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 14 NO 0 ABS 2



STATE OF WISCONSIN

June 14, 1996

Members
Joint Committee on Finance
Wisconsin Legislature

Dear Members:

As required under s. 121.15(3m) of the statutes, we are providing Committee members with an estimate of the amount necessary to appropriate as general equalization aid in fiscal year 1996-97 to ensure that the sum of state school aids and the school levy tax credit equals 66.7% of partial school revenues.

We hereby certify that based on the best available information to date, \$3,182,215,800 GPR is the estimated amount necessary to appropriate as general equalization aid in 1996-97. This amount is \$30,000,000 GPR greater than the funding level of \$3,152,215,800 GPR established in 1995 Act 27 (the 1995-97 state budget).

The attached document discusses the two-thirds funding requirement and the basis for our estimate.

By June 30, 1996, the Committee must determine the general equalization aid appropriation amount for 1996-97.

Sincerely,

Handwritten signature of James Klauser.

James Klauser
Secretary
Department of Administration

Handwritten signature of John Benson.

John Benson
State Superintendent
Department of Public Instruction

Handwritten signature of Robert Lang.

Robert Lang
Director
Legislative Fiscal Bureau

Attachment

Estimated Amount Necessary for Two-Thirds Funding of Partial School Revenues

1995 Act 27 (the 1995-97 state budget) established a process for annually determining the amount necessary in the general equalization aid appropriation to meet a statutorily defined two-thirds funding level. Specifically, s. 121.15(3m) provides that by June 15, 1996 (and by each June 15 thereafter), the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general equalization aid appropriation which, in combination with the amounts provided in the other state aid and levy credit appropriations, would achieve the 66.7% funding level in the following school year. S. 121.15(3m) provides that by June 30, 1996 (and by each June 30 thereafter), the Joint Committee on Finance must determine the amount to be appropriated in the following school year.

S. 121.15(3m) defines both the numerator and denominator of the two-thirds state funding calculation. The numerator is the sum of state school aids (which is composed of 25 separate general and categorical aid appropriations) and the school levy tax credit. The denominator, which is called "partial revenues", is the sum of state school aids and property taxes levied for school districts.

In April of this year, staff from DPI, DOA and LFB met to discuss the amount to be certified to the Joint Committee on Finance. It was agreed that the three agencies would use the DPI data base and their own independent methodologies for projecting various factors affecting partial school revenues. After a series of meetings involving school finance analysts from the three agencies, it was determined by the three agencies that, based on the data available as of May 31, 1996, partial school revenues will equal an estimated \$6.05 billion in 1996-97.

Act 27 funding levels were based on a projection by DOA and the Fiscal Bureau that 1996-97 partial school revenues would total \$6.0 billion. This projection was based on estimates of membership, controlled revenues and debt service levies. In particular, it was assumed that debt levies (which totalled \$225.5 million in 1994-95) would increase by approximately 8% annually during the 1995-97 biennium.

An increase in voter-approved referenda explains approximately \$40 million (or 80%) of the \$50 million difference over the earlier estimate. The current \$6.05 billion projection incorporates updated estimates of membership, controlled revenues and debt service levies. Data on debt levies was obtained through school district audit statement records of scheduled 1996-97 debt repayment and a DPI survey of those districts known to have received voter approval of building referenda. The actual rate of growth in the debt levy was 10% in 1995-96. It is projected that the debt levy will increase by over 20% in 1996-97.

Based on this current estimate of \$6.05 billion in 1996-97 partial revenues, the total amount necessary to reach the 66.7% funding level is \$4.035 billion. State assistance to school districts for 1996-97 is currently set at \$4.005 billion which includes an additional \$5 million for grants under the Pioneering Partners program as a result of 1995 Act 351 (AB 1048). Therefore, it is estimated that an additional \$30 million in general equalization aid is necessary to meet the 66.7% funding level.

It should be noted that this estimate is based on numerous assumptions using the best available data as of May 31, 1996 and that it is not possible at this time to determine the exact amount necessary to ensure 66.7% state funding in 1996-97. Between now and November, 1996, when school district property tax levies are certified, local school board budgeting decisions and voter approved referenda will continue to affect partial school revenues. School district factors affecting final 1996-97 partial revenues include September, 1996 enrollment, DPI authorized adjustments to the limit, use of any unused 1995-96 revenue authority, and use of 1996-97 revenue authority.



STATE OF WISCONSIN

June 14, 1996

Members
Joint Committee on Finance
Wisconsin Legislature

Dear Members:

As required under s. 121.15(3m) of the statutes, we are providing Committee members with an estimate of the amount necessary to appropriate as general equalization aid in fiscal year 1996-97 to ensure that the sum of state school aids and the school levy tax credit equals 66.7% of partial school revenues.

We hereby certify that based on the best available information to date, \$3,182,215.800 GPR is the estimated amount necessary to appropriate as general equalization aid in 1996-97. This amount is \$30,000,000 GPR greater than the funding level of \$3,152,215,800 GPR established in 1995 Act 27 (the 1995-97 state budget).

The attached document discusses the two-thirds funding requirement and the basis for our estimate.

By June 30, 1996, the Committee must determine the general equalization aid appropriation amount for 1996-97.

Sincerely,

A handwritten signature in cursive script, appearing to read 'James Klauser'.

James Klauser
Secretary
Department of Administration

A handwritten signature in cursive script, appearing to read 'John Benson'.

John Benson
State Superintendent
Department of Public Instruction

A handwritten signature in cursive script, appearing to read 'Robert Lang'.

Robert Lang
Director
Legislative Fiscal Bureau

Attachment

Estimated Amount Necessary for Two-Thirds Funding of Partial School Revenues

1995 Act 27 (the 1995-97 state budget) established a process for annually determining the amount necessary in the general equalization aid appropriation to meet a statutorily defined two-thirds funding level. Specifically, s. 121.15(3m) provides that by June 15, 1996 (and by each June 15 thereafter), the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general equalization aid appropriation which, in combination with the amounts provided in the other state aid and levy credit appropriations, would achieve the 66.7% funding level in the following school year. S. 121.15(3m) provides that by June 30, 1996 (and by each June 30 thereafter), the Joint Committee on Finance must determine the amount to be appropriated in the following school year.

S. 121.15(3m) defines both the numerator and denominator of the two-thirds state funding calculation. The numerator is the sum of state school aids (which is composed of 25 separate general and categorical aid appropriations) and the school levy tax credit. The denominator, which is called "partial revenues", is the sum of state school aids and property taxes levied for school districts.

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Public Instruction

Study of Educational Equity

Motion:

Move to amend the motion to increase the amount appropriated under s. 20.255(2)(ac) in 1996-97 by \$30,000,000 GPR, to also request the Department of Public Instruction to perform a study on educational equity in the K-12 public school system in the state. *unless a reg. Council Study is conducted authorized.*

MO# 401

BURKE	(Y)	N	A
ANDREA	(Y)	N	A
GEORGE	(Y)	N	(A)
DECKER	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	Y	N	A
WEEDEN	Y	N	A
COWLES	(Y)	(N)	A
BRANCEL	Y	(N)	A
FOTI	Y	(N)	A
SCHNEIDERS	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
PORTER	Y	(N)	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 6 NO 7 ABS